

(continued)

3. For the purposes of this fiscal note, it is assumed the budgets approved by Governor Martz (HB 2 & non-budgeted proprietary) would be transferred to the aforementioned agencies in total. As in previous reorganizations, a portion of the department's current administrative support staff would also be transferred to the receiving agencies, but only after agency directors have had the opportunity to thoroughly examine the required administrative support staffing levels. These additional reallocations of non-budgeted administrative overhead are not included in this fiscal note pending these discussions.
3. SB 445 has an effective date of July 1, 2001, but it is assumed that current centralized services staff would perform the financial closing work that is required for FY 2001 since this staff is the most experienced with each of the transferring divisions, bureaus, and programs. This work typically takes most of the month of July.

Department of Commerce

4. Transferred divisions, bureaus, and programs currently located in the federal building would remain in their current locations, while those located in the Front Street location and in the department's main building would be moved to the federal building with the rest of department (main building only) sometime in FY 2002.
5. The proposal makes no mention of moving the Census and Economic Information Center (CEIC) of the Economic Development Division to the Department of Labor and Industry or movement of the Section 8 unit of the Board of Housing to the Department of Health and Human Services (PHHS). These potential movements are ignored in the tables below given their uncertain fate. The CEIC's budget contains 5.5 FTE and approximately \$320,000 general fund per year which potentially may be moved to Labor and Industry. The movement of Section 8 to PHHS involves a portion of a 24.5 FTE budget and federal authority of approximately \$60 million per year, which would have to be negotiated and allocated prior to adjustments to HB2.

Governor's Office

6. The proposal creates an Office of Economic Development in the Governor's Office and provides for 7 positions exempt from the state's pay laws. A portion of the funds statutorily appropriated for economic development during the May Special Session will be used to fund the office.

Department of Livestock

7. The Board of Horse Racing would be transferred from the Department of Commerce to the Department of Livestock in its entirety.

Department of Administration

8. The Banking Division, the Montana Lottery, the Consumer Affairs Division, and the Local Government Services Division would be transferred from the Department of Commerce to the Department of Administration in their entirety.

Department of Labor and Industry

9. With the exception of Centralized Services support staff, transferred divisions, bureaus, and programs currently located in the federal building would likely remain in their current locations, while those located in the Front Street location and in DOC's main building would be moved to the federal building with the rest of DOC (main building only) sometime in FY 2002. Support staff would be reorganized into DLI's Centralized Services Division and moved to the Walt Sullivan Building.

Secretary of State's Office

10. Administrative rules (ARMs) relating to the Department of Commerce will be moved to other agencies.
11. Approximately 2,000 pages will be added to the Secretary of State printing contract for reprinting of rules in each year of the 2003 biennium.
12. Reorganization of agencies will require the number of binders included in an ARM set to increase by four binders, resulting in a need to purchase 1,700 additional binders at five dollars per binder.

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FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Department of Commerce – HB 2		
FTE	(179.31)	(179.31)

Expenditures:

Personal Services	(6,853,676)	(6,899,291)
Operating Expenses	(12,714,388)	(12,982,880)
Equipment	(569,807)	(208,700)
Debt Service	<u>(1,155,626)</u>	<u>(1,155,625)</u>
TOTAL	(\$21,293,497)	(\$21,246,496)

Funding:

General Fund (01)	(755,866)	(755,313)
State Special Revenue (02)	(11,224,680)	(11,140,798)
Proprietary (06)	<u>(9,312,951)</u>	<u>(9,350,385)</u>
TOTAL	(\$21,293,497)	(\$21,246,496)

Department of Commerce – Non-Budgeted Proprietary

FTE	(40.25)	(40.25)
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Expenditures:

Personal Services	(1,499,828)	(1,507,574)
Operating Expenses	<u>(660,504)</u>	<u>(643,805)</u>
TOTAL	(\$2,160,332)	(\$2,151,379)

Funding:

Proprietary (06)	(\$2,160,332)	(\$2,151,379)
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Department of Commerce – Statutory Appropriations

FTE	(4.00)	(4.00)
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Expenditures:

Personal Services	(535,078)	(535,078)
Operating Expenses	(17,135,887)	(17,135,887)
Benefits & Claims	<u>(59,050)</u>	<u>(59,050)</u>
TOTAL	(\$17,730,015)	(\$17,730,015)

Funding:

General Fund (01)	(350,000)	(350,000)
State Special Revenue (02)	(59,050)	(59,050)
Proprietary (06)	<u>(17,320,965)</u>	<u>(17,320,965)</u>
TOTAL	(\$17,730,015)	(\$17,730,015)

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Governor's Office – HB 2

FTE	7.00	7.00
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Expenditures:

Personal Services	535,078	535,078
Operating Expenses	<u>314,922</u>	<u>314,922</u>
TOTAL	\$850,000	\$850,000

Funding:

General Fund (01)	\$850,000	\$850,000
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Governor's Office – Statutory Appropriation

Expenditures:

Operating Expenses	\$350,000	\$350,000
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Funding:

General Fund (01)	\$350,000	\$350,000
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Department of Livestock – HB 2

FTE	3.78	3.78
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Expenditures:

Personal Services	139,668	140,686
Operating Expenses	99,188	98,793
<u>Equipment</u>	<u>599</u>	<u>0</u>
TOTAL	\$239,455	\$239,479

Funding:

State Special Revenue (02)	\$239,455	\$239,479
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Department of Administration – HB 2

FTE	71.50	71.50
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Expenditures:

Personal Services	2,823,868	2,845,174
Operating Expenses	7,374,117	7,751,621
Equipment	373,818	17,700
Debt Service	<u>1,145,578</u>	<u>1,145,577</u>
TOTAL	\$11,717,381	\$11,760,072

Funding:

General Fund (01)	755,866	755,313
State Special Revenue (02)	1,648,564	1,654,374
Proprietary	<u>9,312,951</u>	<u>9,350,385</u>
TOTAL	\$11,717,381	\$11,760,072

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Department of Administration – Non-Budgeted Proprietary

FTE	4.00	4.00
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Expenditures:

Personal Services	173,505	174,397
Operating Expenses	<u>178,816</u>	<u>178,215</u>
TOTAL	\$352,321	\$352,612

Funding:

Proprietary (06)	\$352,321	\$352,612
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Department of Administration – Statutory Appropriations

Expenditures:

Operating Expenses	\$17,320,965	\$17,320,965
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Funding:

Proprietary (06)	\$17,320,965	\$17,320,965
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Department of Labor and Industry – HB 2

FTE	104.03	104.03
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Expenditures:

Personal Services	3,890,140	3,913,431
Operating Expenses	5,241,083	5,132,466
Equipment	195,390	191,000
Debt Service	<u>10,048</u>	<u>10,048</u>
TOTAL	\$9,336,661	\$9,246,945

Funding:

State Special Revenue (02)	\$9,336,661	\$9,246,945
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Department of Labor and Industry – Non-Budgeted Proprietary

FTE	36.25	36.25
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Expenditures:

Personal Services	1,326,323	1,333,177
Operating Expenses	<u>481,688</u>	<u>465,590</u>
TOTAL	\$1,808,011	\$1,798,767

Funding:

Proprietary (06)	\$1,808,011	\$1,798,767
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Department of Labor and Industry – Statutory Appropriations

Expenditures:

Benefits & Claims	\$59,050	\$59,050
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Funding:

State Special Revenue (02)	\$59,050	\$59,050
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$850,000)	(\$850,000)
State Special Revenue (02)	\$0	\$0
Proprietary (06)	\$0	\$0